

Greatech Technology (GREATEC MK)

9M25: Below Expectations; Growth Traction To Resume In 2026 After Temporary Weakness In 4Q25

Highlights

- Earnings missed expectations due to a higher cost environment and unfavourable forex translations.
- While margins could slip further in 4Q25 from tariff impacts, visibility has improved on stronger orderbook wins with momentum spilling over into 2026.
- We cut our earnings forecasts by 31% for 2025 while trimming our 2026 earnings forecasts by 2% for housekeeping. Maintain BUY with a lower target price of RM2.28.

9M25 Results

Year to 31 Dec (RMm)	3Q25	qoq% chg	yoy % chg	9M25	yoy % chg
Revenue	192.6	(17.2)	2.0	600.7	9.9
Gross profit	48.7	(25.4)	(25.9)	172.4	1.3
EBITDA	36.5	(1.3)	6.7	124.1	(5.5)
Operating profit	28.1	(5.1)	(3.6)	101.0	(13.4)
Finance cost	(0.6)	(12.1)	179.7	(1.7)	132.0
Pre-tax profit	27.5	(4.9)	(5.1)	99.4	(14.3)
Net Profit	19.0	(26.8)	(17.4)	81.8	(20.9)
Core Net Profit	12.9	(65.7)	(63.4)	89.7	(24.6)
Margins (%)	qoq ppt chg	yoy ppt chg	yoy ppt chg	yoy ppt chg	
Gross Profit	25.3	-2.8	-9.5	28.7	(2.4)
EBITDA	18.9	3.1	0.8	20.7	(3.4)
PBT	14.3	1.8	-1.1	16.5	(4.7)
Net Profit	9.8	-1.3	-2.3	13.6	(5.3)
Core Net Profit	6.7	-9.4	-12.0	14.9	(6.8)

Source: Greatec, UOB Kay Hian

Analysis

- Below expectations.** Greatech Technology (Greatech) posted a softer 3Q25 core net profit of RM12.9m (-66% qoq, -63% yoy), bringing 9M25 core net profit to RM89.7m (-25%) which made up 62%/53% of our/consensus estimates. Core numbers were adjusted for unrealised forex losses of RM6.2m. The earnings miss was due to weaker-than-expected margins resulting from realised forex losses of RM6.2m, alongside higher freight charges and labour costs.

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	658.8	752.4	790.0	925.3	960.0
EBITDA	182.2	202.9	151.6	230.9	257.9
Operating profit	166.8	180.6	123.3	197.0	219.3
Net profit (rep./act.)	154.4	155.0	98.9	168.1	190.1
Net profit (adj.)	167.6	153.4	98.9	168.1	190.1
EPS (sen)	6.7	6.1	3.9	6.7	7.6
PE (x)	26.7	29.3	45.5	26.8	23.7
P/B (x)	6.0	4.9	4.5	3.8	3.3
EV/EBITDA (x)	20.3	18.0	24.1	15.3	13.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	23.4	22.7	15.0	21.8	23.8
Net debt/(cash) to equity (%)	(0.22)	(0.23)	(0.21)	(0.28)	-
Interest cover (x)	243.0	199.7	132.2	157.8	123.9
ROE (%)	23.1	20.5	12.4	18.5	19.2
Consensus net profit			170.8	196.7	
UOBKH/Consensus (x)			0.58	0.85	

Source: Greatec, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM1.79
Target Price	RM2.28
Upside	+27.4%
Previous TP	RM2.30

Analyst(s)

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Stock Data

GICS sector	Factory Automation
Bloomberg ticker:	GREATEC MK
Shares issued (m):	2,514.5
Market cap (RMm):	4,501.0
Market cap (US\$m):	1,089.8
3-mth avg daily t'over (US\$m):	2.3

Price Performance (%)

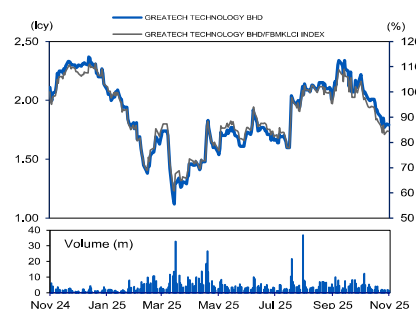
52-week high/low RM2.37/RM1.12

1mth	3mth	6mth	1yr	YTD
(19.4)	(15.6)	14.7	(15.6)	(22.8)

Major Shareholders

	%
Gtech Holdings Sdn Bhd	52.3
Khor Lean Heng	5.9
AIA Bhd	4.2
FY25 NAV/Share (RM)	0.42
FY25 Net Cash/Share (RM)	0.11

Price Chart



Source: Bloomberg

Company Description

Greatech Technology is primarily a manufacturer of automated equipment. Its products range from single automated equipment up to a production line system which comprises multiple automated equipment.

- **Revenue rose 10% yoy**, supported by a 4x surge in PLS revenue from e-mobility, which offset a 35% decline in solar sales. However, core net profit fell 25% yoy as GPM contracted to 28.7% (-2.4ppts) on higher headcount expenses, compounded by RM12.7m in realised forex losses (vs RM0.5m gains in 9M24). Revenue dropped 17% qoq from the high base in 2Q25, when the group expedited deliveries for EV and solar projects ahead of the hard tariff implementation window. Core net profit declined by a sharper 66% qoq due to lower-margin prototyping for a new project, higher staffing costs, and elevated realised forex losses.
- **Orderbook turning firmer.** Greatech's outstanding orderbook rose to RM698m (+15% yoy), one of the strongest within the sector, and provides visibility up to 1H27. As of mid-Nov 25, the group has secured approximately RM473m in new orders, largely driven by PLS-related demand from data centre clients, solar, e-mobility, and medical/semiconductor automation customers (both PLS and standalone equipment), supplemented by contributions from pharmaceutical and consumer electronics clients. Order wins had previously lagged due to cautious customer loading amid tariff volatility, policy shifts and deferred capex into 2026. That said, management highlights improving visibility heading into early-2026, with expectations of stronger inflows led by data centres and e-mobility, followed by a recovery in semiconductor automation. The group is targeting RM1.5b in order wins for 2026, underpinned by sizeable opportunities across data centre, e-mobility and medical verticals.
- **Temporary margins drag from tariff sharing.** Management flagged that while tariff exposure is largely neutral across the wider business, it has affected one of its key e-mobility clients. We understand that this may necessitate a temporary cost-sharing arrangement between both parties, which could compress margins for 1–2 quarters. Nonetheless, management highlighted that this serves as a strategic concession to preserve customer stickiness and strengthen the group's prospects for upcoming programme wins. Beyond the near-term softness, management remains upbeat on a broader rollout of next-generation technology platforms, deeper penetration into high-growth PLS lines, and continued conversion of engineering pipelines into firm orders. To remain conservative, we cut our 2025 earnings forecasts by 31% to reflect the tariff impact.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM2.28 (from RM2.30)**, which is still based on a 34.0x 2026F PE, at the industry's seven-year forward PE.

Earnings Revision/Risk

- **We cut our 2025 earnings forecasts by 31% to reflect the tariff impact**, while trimming our 2026 earnings forecasts by 2% for housekeeping. Our earnings estimates remain 15-42% below consensus on a conservative margin assumption.

Environmental, Social, Governance (ESG) Updates

Environmental

- Its operations and production as a machine manufacturer are generally not energy-intensive.
- New headquarters include energy-saving features like LED lighting and sensors to control and minimise energy usage in the building.

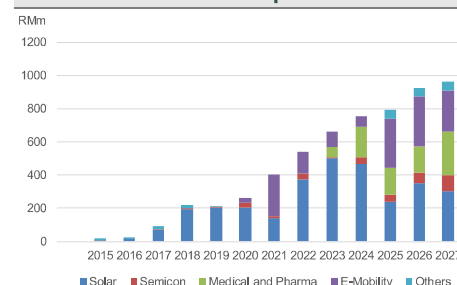
Social

- Contributed RM1.7m/RM2.9m in cash and in-kind to over 25 charities, non-profit organisations and educational institutions across the region in 2020-21.

Governance

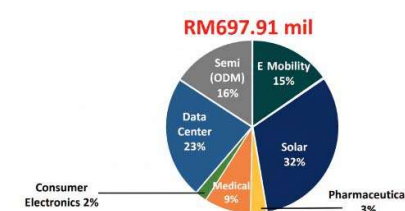
- The company has in place an Anti-Bribery and Anti-Corruption Policy. There were zero whistle-blowing and bribery instances in 2020.

Revenue Drivers Assumptions



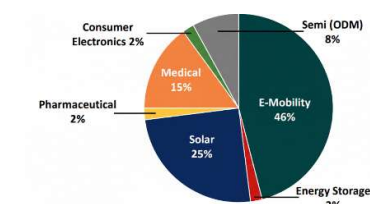
Source: Greatec, UOB Kay Hian

Outstanding Orderbook



Source: Greatec, UOB Kay Hian

Revenue By Segment (9M25)



Source: Greatec, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	752	790	925	960
EBITDA	203	152	231	258
Deprec. & amort.	22	28	34	39
EBIT	181	123	197	219
Associate contributions	0	0	0	0
Net interest income/(expense)	-1	-1	-1	-2
Pre-tax profit	180	122	195	217
Tax	-25	-23	-27	-27
Minorities	0	0	0	0
Net profit	155	99	168	190
Net profit (adj.)	153	99	168	190

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	387	479	565	646
Other LT assets	99	99	99	99
Cash/ST investment	226	228	344	459
Other current assets	390	420	449	461
Total assets	1,112	1,236	1,467	1,675
ST debt	1	1	1	1
Other current liabilities	170	195	259	276
LT debt	12	12	12	12
Other LT liabilities	20	20	20	20
Shareholders' equity	909	1,008	1,176	1,366
Minority interest	0	0	0	0
Total liabilities & equity	1,112	1,236	1,467	1,675

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	114.9	123.0	237.9	236.5
Pre-tax profit	180	122	195	217
Tax	(25)	(23)	(27)	(27)
Deprec. & amort.	22	28	34	39
Working capital changes	(65)	(7)	33	4
Non-cash items	2	2	2	2
Other operating cashflows	2	2	2	2
Investing	(62)	(120)	(120)	(120)
Capex (growth)	(62)	(120)	(120)	(120)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	0	0	0	0
Financing	(3)	(1)	(1)	(2)
Dividend payments	0	0	0	0
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	(3)	0	0	0
Others/interest paid	0	(1)	(1)	(2)
Net cash inflow (outflow)	50	2	116	114
Beginning cash & cash equivalent	181	226	228	344
Changes due to forex impact	(4)	0	0	0
Ending cash & cash equivalent	226	228	344	459

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	29.7	23.0	29.9	32.2
Pre-tax margin	26.3	18.5	25.4	27.2
Net margin	22.7	15.0	21.8	23.8
ROA	16.2	10.1	14.9	15.7
ROE	20.5	12.4	18.5	19.2
Growth				
Turnover	15.6	6.0	20.6	25.8
EBITDA	12.5	(30.3)	62.8	84.1
Pre-tax profit	8.9	(38.4)	72.1	93.5
Net profit	0.4	(43.4)	84.0	110.6
Net profit (adj.)	(0.1)	(0.4)	0.7	0.1
	(9.6)	(42.7)	84.0	110.6
Leverage				
Debt to total capital				
Debt to equity	1.4	1.3	1.1	0.9
Net debt/(cash) to equity	1.4	1.3	1.1	0.9
Interest cover (x)	(0.2)	(0.2)	(0.3)	(0.3)

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